



RAP

Energy solutions
for a changing world

Role of Electricity Utilities in Funding/Financing Energy Efficiency

Session: Strategies for Scaling Up EE Finance
June 28, 2013

Presented by J. Riley Allen

June 28, 2013

The Regulatory Assistance Project

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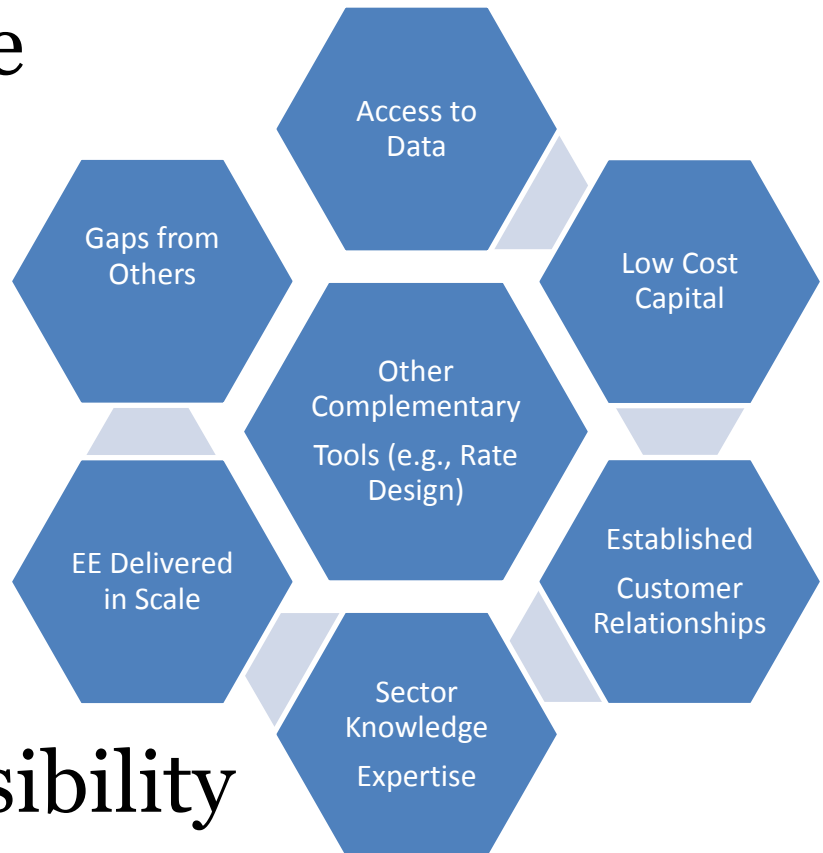
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Topics

- Role of Electricity Utilities in EE
- What is the Role in EE Finance
- Utility-Centric End-User EE implementation models
- EE funding/financing options
- Examples from US, Australia, China

Why Electricity Utilities in EE?

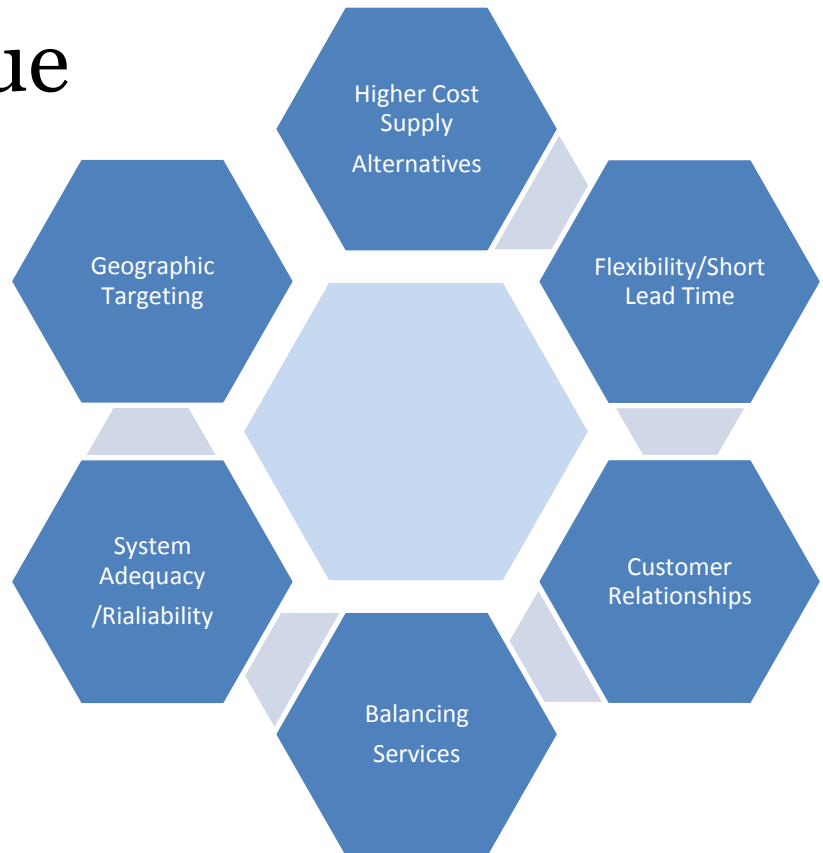
Comparative Advantage



Public Interest Responsibility

Why Electricity Utilities in EE/DR?

Strategically Max. Value



Tailored to Needs

Role Electricity Utilities in Financing?

Market Payment
Streams

Standard Offer
EE FIT

Source of
Funds/Capital

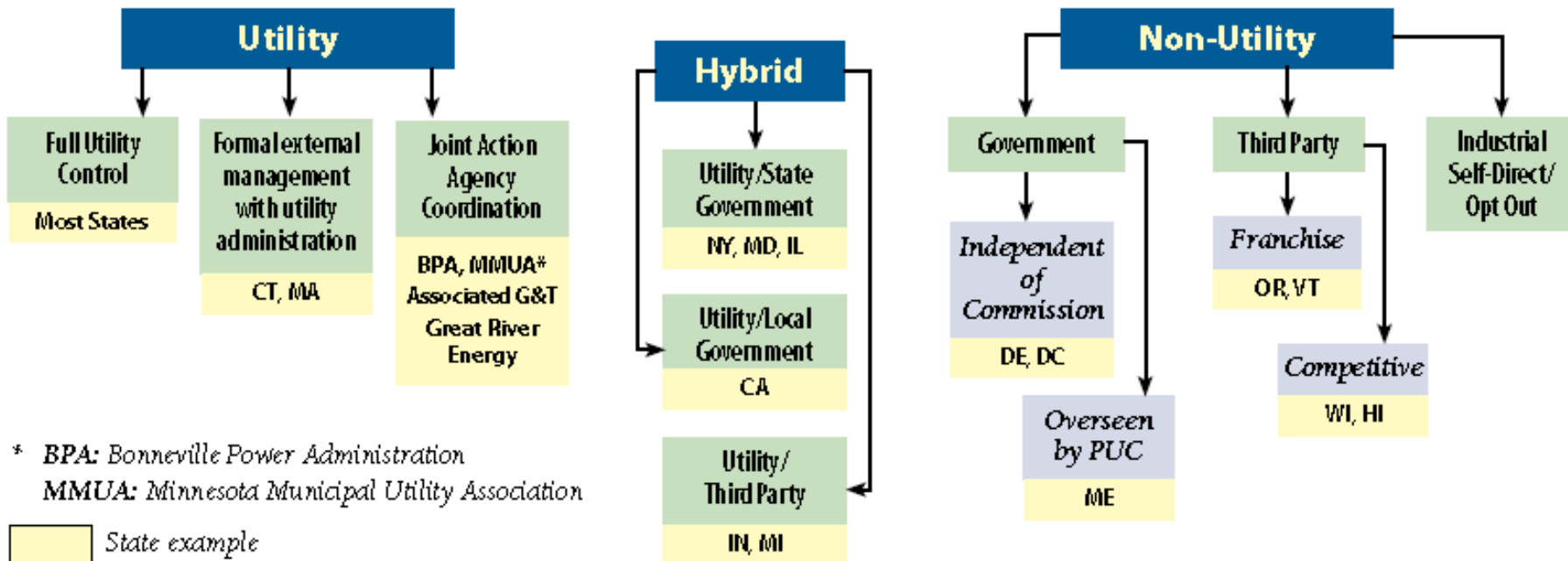
On Bill Financing
Or Repayment

Demand for EE

EE implementation arrangements

Types of Energy Efficiency Administrative Structures

With State Examples

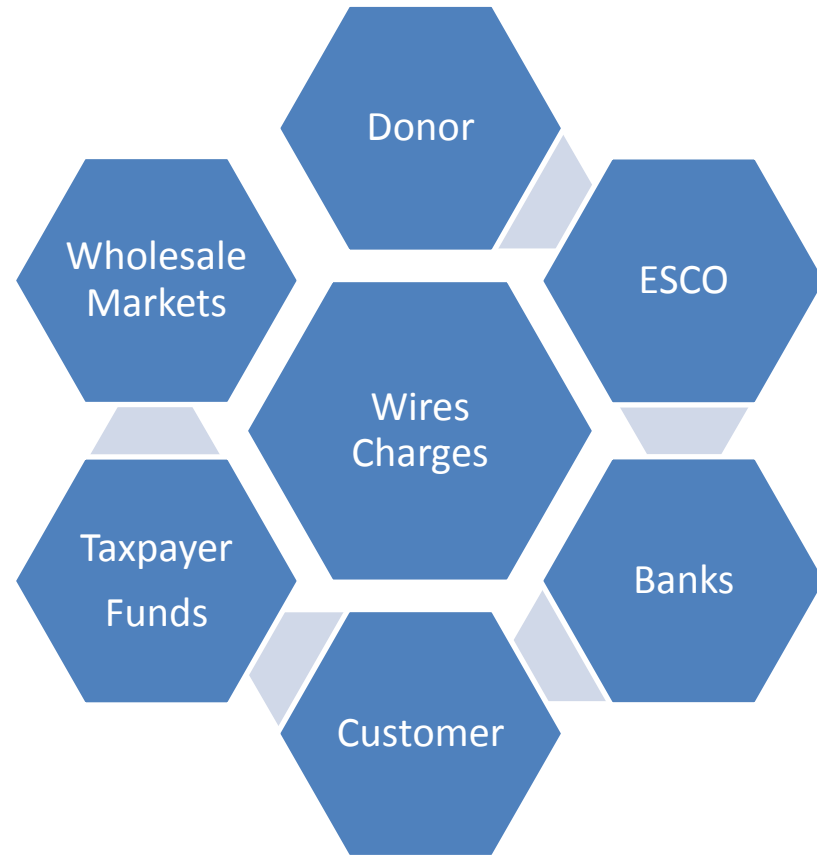


Note: This figure refers to types of administrative structures for consumer-funded energy efficiency programs. State examples refer to the primary administrative structure existing in each state.

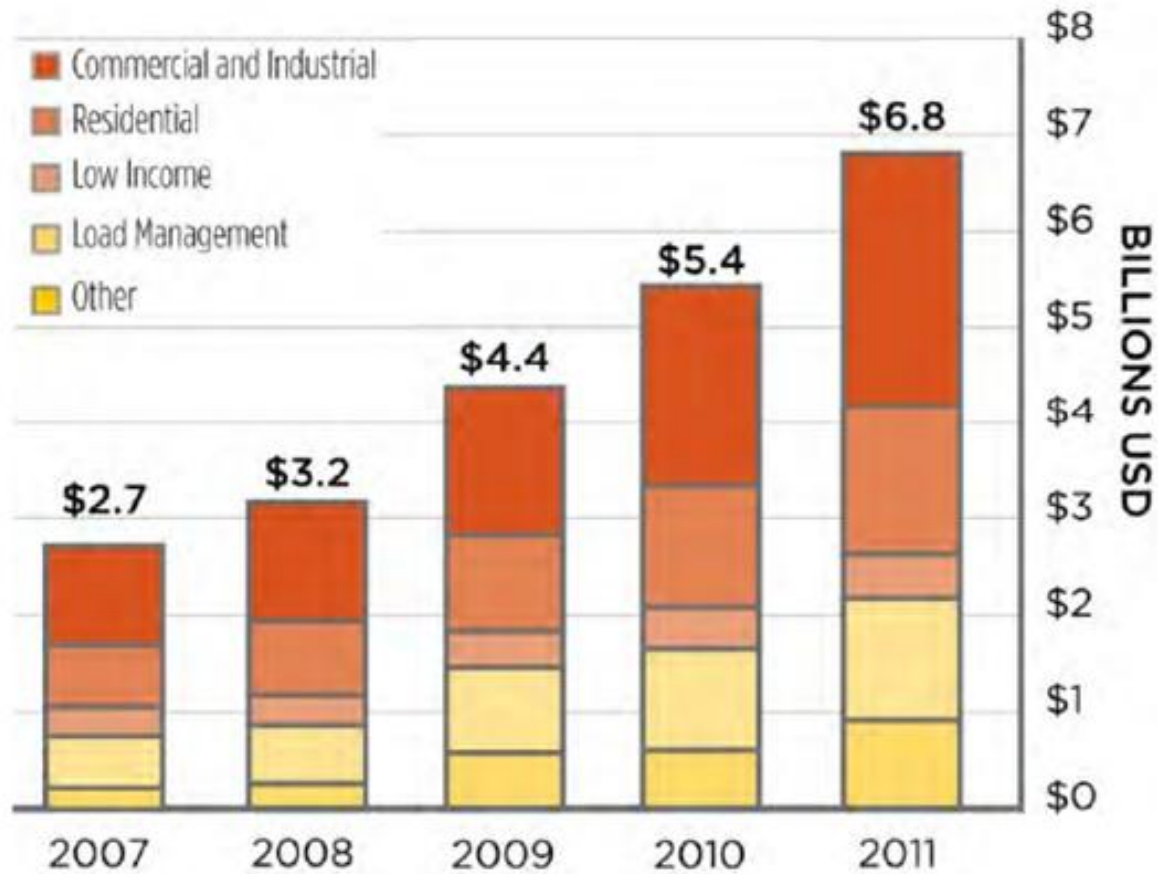
Reference: RAP publication by Jim Lazar

Funding and Financing Options

- **Wires Charges Can be Leveraged**



US Electric Program Budgets, 2007-2011

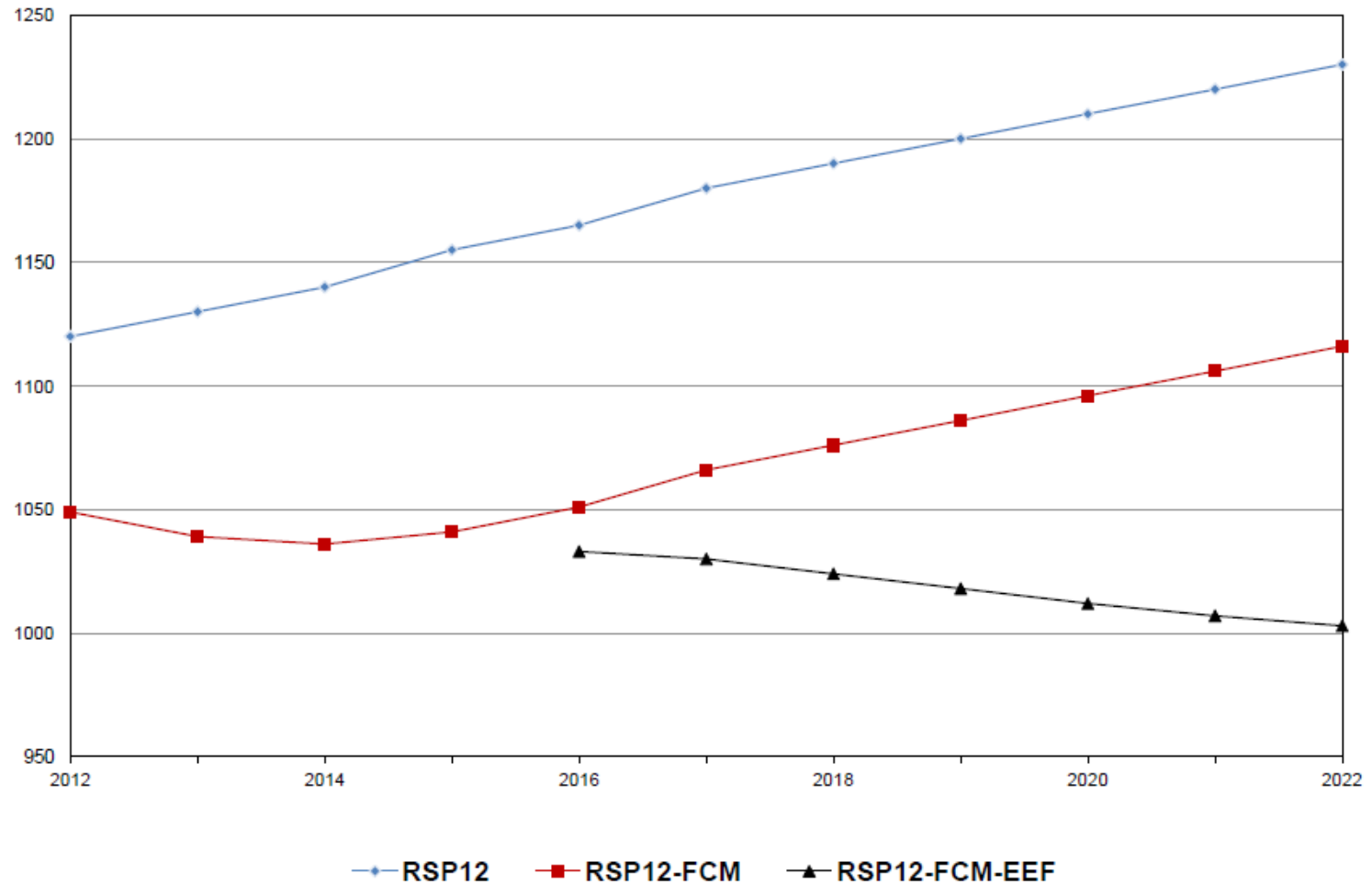


- Market Payment Streams
- Standard Offer EE FIT
- Source of Funds/Capital
- On Bill Financing Or Repayment

Demand for EE

Source: CEE

VT 90/10 Summer Peak: RSP12 Forecast (MW)



Australia

Retailer Obligations/Energy Efficiency Certificates

Year	Effective Scheme Target (% of annual NSW electricity sales)	Retailer Compliance Obligation (% of annual liable electricity sales)
2009 (from 1 July)	0.4%	0.5%
2010	1.2%	1.5%
2011	2.0%	2.5%
2012	2.8%	3.5%
2013	3.6%	4.5%
2014–2020	4.0%	5.0%

Market Payment
Streams

Standard Offer
EE FIT

Source of
Funds/Capital

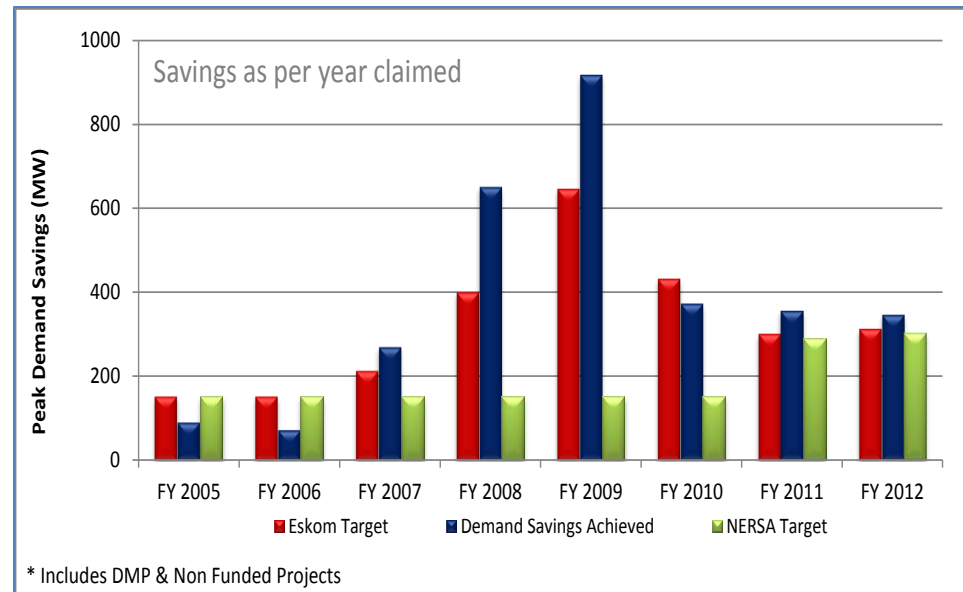
On Bill Financing
Or Repayment

Demand for EE

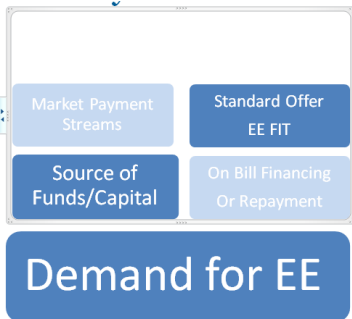
South Africa

ESCO Program – 41% of savings in 2010/11

Standard Offer Program – 3 year payments

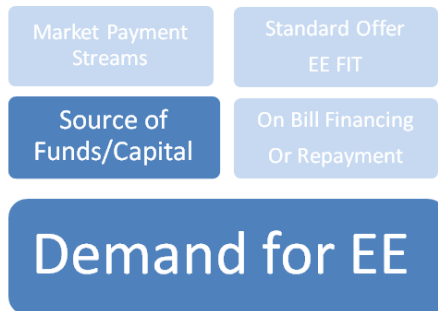


Source: Eskom 3/19/13

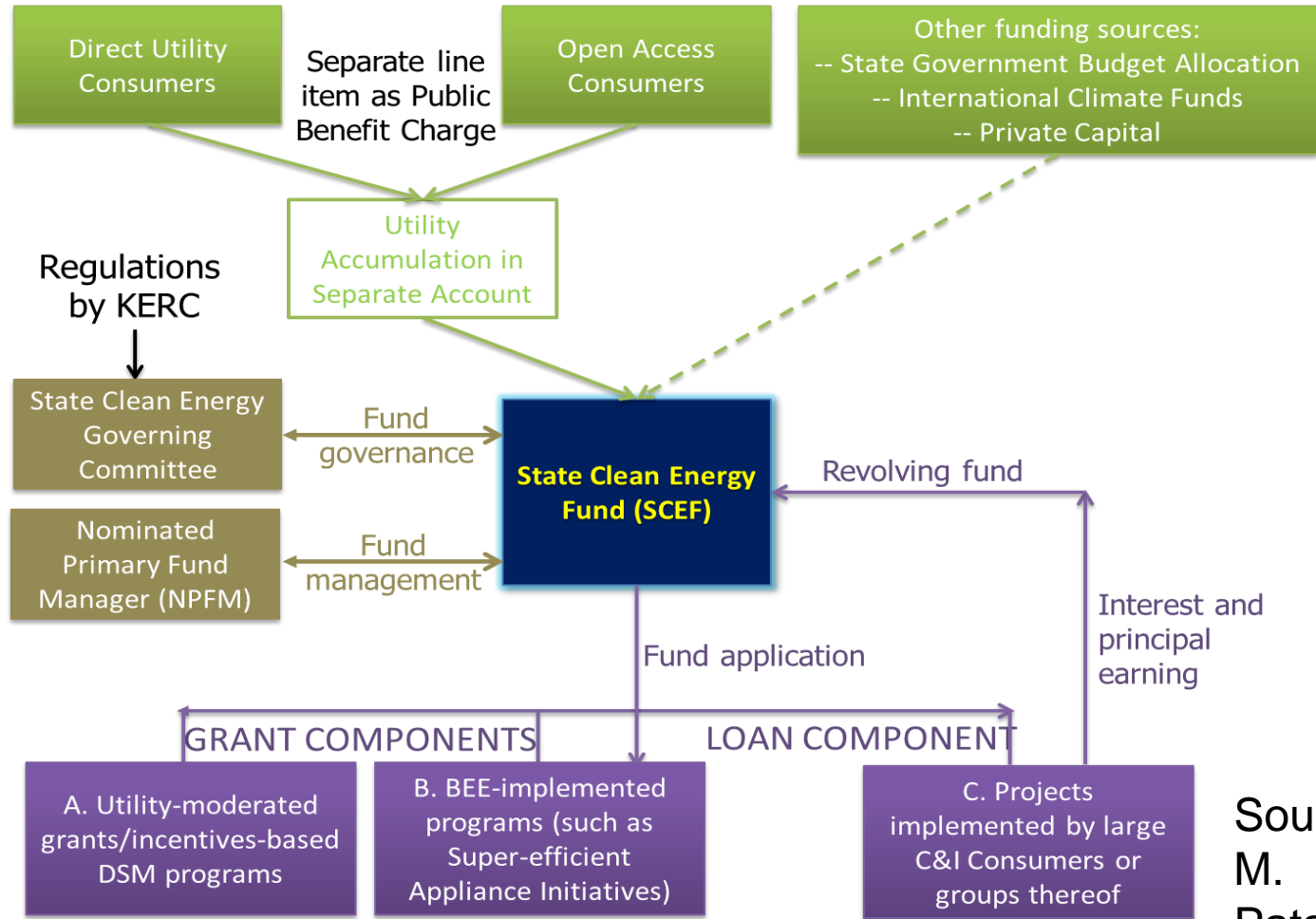


China

2010 – Mandated Grid Companies to Implement End-User EE Obligation



Hybrid EE financing proposed model - India



Source:
M.
Patankar

Suggested RAP Resources

Crossley, D., (May 2012), [Best Practices in Designing and Implementing Energy Efficiency Obligation Schemes](#), RAP

Crossley, D., (Feb 2012), [Effective Mechanisms to Increase the Use of Demand-Side Resources](#), RAP

Wasserman, Neme (Nov 2012), [Policies to Achieve Greater Energy Efficiency](#), RAP

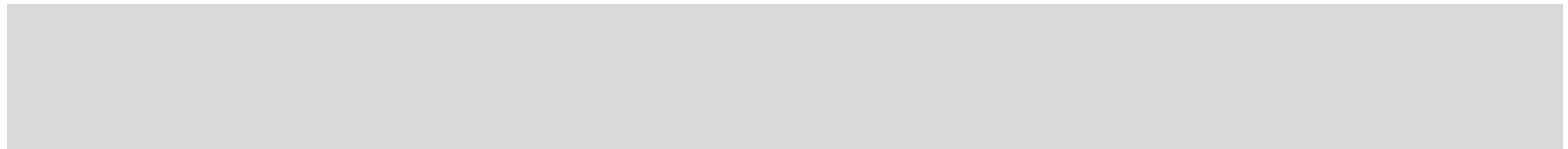
Lees, E (2012), [Best Practices in Designing and Implementing Energy Efficiency Obligation Schemes](#), RAP

About RAP

The Regulatory Assistance Project (RAP) is a global, non-profit team of experts that focuses on the long-term economic and environmental sustainability of the power and natural gas sectors. RAP has deep expertise in regulatory and market policies that:

- Promote economic efficiency
- Protect the environment
- Ensure system reliability
- Allocate system benefits fairly among all consumers

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